

JAMES M. CHUDNOW

IBLA 79-353, 79-461

Decided August 29, 1979

Consolidated appeals from decisions of the Wyoming State Office imposing stipulations on oil and gas leases W 67587 and W 67604.

Affirmed.

1. Oil and Gas Leases: Stipulations

It is not improper for BLM to require an oil and gas lease offeror to sign a stipulation which provides that the lease will be subject to regulations promulgated by the Department of Energy relating to those areas specified in sec. 302 of the Department of Energy Organization Act of 1977, even though the offeror as lessee would be bound to follow the law and regulations if he did not sign the stipulation, as the stipulation merely serves the purpose of informing him that the statute and regulations will apply.

APPEARANCES: James M. Chudnow, pro se.

OPINION BY ADMINISTRATIVE JUDGE STUEBING

James M. Chudnow (appellant) has appealed from two decisions of the Wyoming State Office, Bureau of Land Management (BLM), requiring him to sign the following special stipulation, on pain of rejection of his over-the-counter noncompetitive oil and gas lease offers:

This lease is issued pursuant and subject, to the extent applicable, to the terms and provisions of Section 302 of the Department of Energy Organization Act (42 U.S.C. 7152) and to the regulations of the Secretary of Energy promulgated thereunder relating to the:

- (1) fostering of competition for Federal leases (including but not limited to, prohibition on bidding for development rights by certain types of joint ventures);
- (2) implementation of alternative bidding systems authorized for the award of Federal leases;
- (3) establishment of diligence requirements for operations conducted on Federal leases (including, but not limited to, procedures relating to the granting or ordering by the Secretary of the Interior of suspension of operations or production as they relate to such requirements);
- (4) setting rates of production for Federal leases; and
- (5) specifying the procedures, terms, and conditions for the acquisition and disposition of Federal royalty interests taken in kind.

BLM advised appellant that if he failed to sign and file this stipulation, his offers would be rejected in their entirety and the case files closed without further notice. Chudnow appealed from these decisions, and we have consolidated them for consideration.

Appellant states that he is unwilling to sign this stipulation because he feels that it is unclear, convoluted, and confused, and that he should not be asked to sign an agreement subject to terms and provisions which have not been made fully clear and remain incomplete at this time. He also seeks clarification of how competition for Federal leases may be affected and how alternative bidding systems may be implemented.

[1] Section 302(b) and (c) of the Department of Energy Organization Act of August 4, 1977, P.L. 95-91, 91 Stat. 578, 42 U.S.C.A. § 7152(b) and (c) (West Supp. 1979) transferred to the Department of Energy all functions of the Secretary of the Interior to promulgate regulations under the Mineral Leasing Act concerning the five specific areas set out in the stipulation, i.e., fostering of competition for Federal lease, implementation of alternative bidding systems, etc. Congress has thus made Federal oil and gas leases subject to regulations adopted by the Department of Energy in these areas.

An oil and gas lessee is bound to follow these regulations, regardless of whether or not he signs the stipulation in question, just as he is bound to follow any law or regulation duly promulgated pursuant to authority delegated by Congress. Thus, the stipulation is purely informational. That is, it serves the purpose of informing

the lessee that there are other, new regulations affecting the lease, owing to the transfer of certain authority to the Department of Energy, but it does not impose any duties on the lessee in and of itself. While we feel that the same purpose could be equally served by simply attaching a notice to the lease indicating that these new Energy regulations apply, and while we accordingly question the necessity of requiring prospective lessees to sign this stipulation, we do not find that it was improper for BLM to do so.

We disagree with appellant that this stipulation is unclear or convoluted. It provides simply that the lease will be subject to regulations adopted by the Department of Energy relating to five specific areas, all of which are clearly described.

While it may be true, as appellant points out, that there is presently uncertainty about the provisions and interpretation of new Energy regulations, we are unable to comment, as the administration of the statute and implementing regulations is the responsibility of the Department of Energy. BLM has properly given the prospective lessee advance notice that the law has changed the administration of oil and gas leases and that the new regulations will apply to these leases, and required him to acknowledge that he will be bound thereby.

Therefore, pursuant to the authority delegated to the Board of Land Appeals by the Secretary of the Interior, 43 CFR 4.1, the decision appealed from is affirmed.

Edward W. Stuebing  
Administrative Judge

We concur.

Frederick Fishman  
Administrative Judge

James L. Burski  
Administrative Judge

